



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, November 20, 2018**

**Kiva Forum – City Hall  
3939 N. Drinkwater Boulevard  
Scottsdale, Arizona 85251  
DRAFT MINUTES**

**PRESENT:** Linda Dillenbeck, Chairperson  
Camille Hill, Vice Chair  
Carl Grupp  
Sherry Henry  
Richard Newman  
David Winter

**ABSENT:** Ken McKenzie

**STAFF:** Bill Murphy  
Karen Churchard  
Steve Geiogamah  
Kroy Ekblaw

**GUESTS:** AnnDee Johnson, Longwoods International  
Matthew Louck, Bonnier Events

**1. Call to Order/Roll Call**

Chair Dillenbeck called the meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m., and noted the presence of a quorum.

## **2. Approval of Minutes**

- October 16, 2018 Regular Meeting Minutes

COMMISSIONER NEWMAN MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE TOURISM DEVELOPMENT COMMISSION ON OCTOBER 16, 2018 AS PRESENTED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

## **3. Scottsdale Stadium Renovation Project Update**

Bill Murphy, Community Services Executive Director, stated that the master plan was released in March and the design contract was initiated with approval of City Council. In July, the design build contract was awarded to AECOM/Hunt with DWL and Populous as the design team. Since July, the design team has been meeting with the Giants, Charros and the concessioner, as they continue to define and redefine concepts.

Staff continues its internal conversation, including the following departments:

- Economic Development/Tourism
- Public Safety (Police/Fire)
- Transportation
- Facility Management
- Planning/DRB Review

Design Team and staff are involving agencies with specific interest in the multi-use stadium concept to ensure program elements are considered. Agencies include:

- Experience Scottsdale
- Local event planners
- Downtown hoteliers
- Center for the Arts
- Scottsdale Charros
- San Francisco Giants

The Design Team continues assessments of current stadium conditions:

- Reviewing as-builts
- Utility locations and service (water, gas, electric)
- Life safety, facility maintenance and security
- Sound (external and internal)
- Lighting (external and internal)
- Pedestrian/landscape improvements

This week, the lease with Phoenix is coming before the City Council for approval. Other ensuing events include:

- Giants will be responsible for the Player Development Facility at Papago beginning December 1st, 2018
- The agreement will cover 35 years
- Capital improvement cost will be the responsibility of the Giants
- Maintenance and operations decisions and costs will be the responsibility of the Giants
- Agreement to City Council for approval November 26, 2018

As further design of the multi-use room continued, staff has continued with a variety of planning and outreach:

- Attendance at a Las Vegas show for event planners
- Review of similar facilities, including tour of San Francisco Giants AT&T Park
- Open house for public and upcoming DRB hearing (dates to be determined for December and January)
- Develop draft calendar of multiuse facilities available during construction phasing

Kroy Ekblaw provided a review of the master plan concept, specifically Phase 1, the south portion of the stadium adjacent to Osborn. Phase 1 will begin in April of 2019 and run through December of 2019. Phase 2 will begin in April of 2020 and run through December of 2020. The goal is to have a fully operational facility by spring of 2021. In terms of availability, in the completion of the first phases, the main space, locker room and third floor space would become available April through December, 2020. Press box suites will be available, but will be immediately adjacent to the projected construction zone for Phase 2. The team store will not be available in the first year, as it will be part of the contractor's administrative space. By April of 2021, all spaces will be available year after year from April through December. In January, there will be limited access to the 10,000 square foot space and the press box suites with very limited access in February and March, when the team is most active. Staff expects update the TDC in January or February 2019.

Updates will include:

- Cost estimate to be near final
- Multiuse spaces – indoor and outdoor
- Baseball and fan amenities
- Code and safety compliance

Next steps in the public process include

- Development Review Board (December of 2018 or January of 2019)
- Tourism Development Commission (January or February of 2019)
- City Council (January, 2019 update February/March presentation to proceed with construction)

Commissioner Grupp asked whether event planners, who would be in charge of using the facilities ten months of the year, have provided official feedback regarding the available event spaces. Mr. Ekblaw stated that the feedback has been very positive, particularly regarding the fact that this is not a resort location.

Commissioner Winter asked about the staging location for caterers. Mr. Ekblaw stated that a 1,000 square foot full kitchen being designed immediately north of the 10,000 square foot space.

Chair Dillenbeck noted that the Giants are assuming the cost for the renovations to Phoenix and asked whether the Giants will be contributing to the renovation costs for Scottsdale stadium. Mr. Ekblaw confirmed that they would be contributing, however he does not have the final number on this, as negotiations are ongoing.

Chair Dillenbeck asked who will be responsible for marketing the space. Mr. Ekblaw that the marketing plan will be developed in greater detail over the next three months.

#### **4. Tourism Program FY 2019 Budget and Future Program Allocations**

Karen Churchard, Tourism & Events Director, prefaced the discussion by clarifying that the plan is to budget \$750,000 now for Canal Convergence; she and others will give a presentation on the 2018 and 2019 Canal Convergence events in January or February. The budget is due to the Budget Office by January 11th. In terms of the proposed budget, there is a Destination Marketing allocation of 50 percent and General Fund allocation of 12 percent of bed tax revenue. Administrative is 4 percent of bed tax revenue. She is contemplating hiring an additional full-time position to the department. In addition, it is recommended that the WestWorld marketing fee of \$100,000 goes into administrative, rather than keeping it in carryover use. Total administrative/other professional services budget is \$841,000.

For the multiyear commitment, the budget will include existing debt services. There are no changes. In terms of carryover uses, the TDC recommended to City Council for the Museum of the West a one-time \$200,000 marketing program. This will not continue, however the \$400,000 donation match would continue. Other items not continuing include electric outlets Downtown, Sky Harbor Connections Program and undesignated, unassigned carryover. For promotion of Downtown, all amounts remain the same, except for a \$10,000 increase in production and staffing, which is a three-year contract with ESI.

Chair Dillenbeck asked if the WestWorld marketing fee will remain in the budget if a full-time staff member is added. Ms. Churchard stated that the intent is not to replace the budget item, as it is a separate operation. The City Manager placed the \$100,000 into the carryover budget.

#### **5. Travel USA 2017 Report**

Steve Geiogamah, Tourism Development Manager, stated that this is the third year the report has been completed. It is used as a base report for some of other reports produced. It is an important component of the visitor report and lodging reports.

AnnDee Johnson, Longwoods International, stated that the report is a visitor profile study, a key foundational piece of research for any destination. The study provides estimates of visitor volume, spending, trip characteristics as well as demographic profile. Longwoods looks at trip types, not traveler types. Total trips are made up of leisure plus business plus

business leisure. Leisure trips have two components: visiting relatives and marketable trip types.

Trip types include:

- Touring a region
- Outdoor trip
- Special event
- City trip
- Cruise
- Casino
- Theme park
- Resort
- Skiing/snowboarding
- Golf

Business trips include conference/convention or other. Business leisure is a business trip that is extended for leisure purposes. The research contains a national context for the data. Over the last five years, the trend has been up for overnight trip volume in the United States. Between 2016 and 2017 nationally, overnight trips increased by 2.1 percent. The breakdown is as follows:

- 43 percent: Visits to friends/relatives (VFR)
- 42 percent: Marketable
- 10 percent: Business
- 4 percent: Business leisure

In terms of year over year growth, the 2.1 percent increase was driven by increases in VFR, business leisure, and business trips. For 2017 in Scottsdale, there were a total of 8.9 million trips, an increase of 1.6 percent over 2016. This consists of 51 percent overnight trips (4.5 million) and 49 percent day trips (4.4 million). The breakdown of overnight trips is as follows:

- 44 percent: VFR
- 39 percent: Marketable
- 13 percent: Business
- 4 percent: Business leisure

The spending breakdown for overnight trips (Total of \$1.263 billion) increased by 3 percent over 2016 and breaks down as follows:

- 41 percent: Lodging (\$522 million)
- 27 percent: Food and beverage (\$340 million)
- 13 percent: Retail (\$157 million)
- 11 percent: Recreation (\$141 million)
- 8 percent: Transportation (103 million)

The breakdown for day trips by trip purpose (Total of 4.4 million) breaks down as follows:

- 58 percent: Marketable (2.3 million)
- 38 percent: VFR (1.7 million)
- 6 percent: Business (0.3 million)
- 3 percent: Business leisure (0.1 million)

The spending breakdown for day trips by trip purpose (Total of 2.98 billion) breaks down as follows:

- 42 percent food and beverage (\$1.24 million)
- 29 percent: Retail (\$86 million)
- 19 percent: Recreation (\$58 million)
- 10 percent: Transportation (\$30 million)

Chair Dillenbeck asked for a definition of transportation. Ms. Johnson said that the data is collected through a survey process and the question is quite broad: "What transportation types did you use on your trip to Scottsdale?" The survey then asked about spending associated with the trip and how much was for transportation costs. Cost may be for gas, bus fees, plane fares, Uber, Lyft and other travel fees.

The next portion of data is specific to Scottsdale. The VFR percentage is 44 percent. The most common marketable trip type in Scottsdale is special event (10 percent), which include a fair, festival or sporting event. This is followed by the touring category (9 percent), resort (5 percent), city trip (5 percent), outdoors (4 percent), golf (3 percent), casino (2 percent) and theme park (1 percent). In terms of business trips, the breakdown is as follows: Conference/convention (7 percent), other business trip (6 percent), business leisure (4 percent).

The highest percentage states of origin are as follows:

- 18 percent: Arizona
- 17 percent: California
- 8 percent: Colorado

The highest percentage Designated Market Area (DMA) of origin are as follows:

- 13 percent: Phoenix
- 8 percent: Los Angeles
- 7 percent: New York
- 6 percent: Denver
- 6 percent: Chicago
- 5 percent: Tucson

Trips to Scottsdale generally have a higher planning horizon than overnight trips in other overnight destinations. The average number of nights spent in Scottsdale was 4.1 in 2016 and 4.0 in 2017. There has been a decrease in one-night trips, but an increase in two-night trips, three- to four-night trips and five- to six-night trips. In terms of transportation, the consistent factor year over year is the dependence of Scottsdale on trips by plane in addition to rental cars. Another item of note is use of ride share services such as Uber and Lyft. In 2015, the percentage for this mode was 7 percent, in 2016, it was 12 percent

and in 2017, it rose to 17 percent. For traditional taxis, in 2015 and 2016, it was 11 percent and in 2017, it is down to 6 percent.

For activities and experiences travelers engage in during their trips, 45 percent of visitors cited shopping, 36 percent dining, 23 percent swimming, 22 percent landmark/historic site, 19 percent bar/nightclub, 18 percent national/state park, 17 percent hiking, 17 percent museum, 13 percent golf, 12 percent casino, 11 percent brewery, 10 percent business meeting, 10 percent pro/college sports and 9 percent art gallery.

The demographic for a Scottsdale visitor is 47.8 years compared with the U.S. average of 45 years. Overnight visitors were older in 2017 than in 2016. In terms of household income, 11 percent of overnight visitors to Scottsdale have \$150K or higher income, 18 percent at \$100K-\$150K, 18 percent \$75K-\$100K. Higher levels of education coincide with the higher incomes. Post graduate and college graduate visitors to Scottsdale exceed the national norms.

In summary for 2017, there were 8.9 million person trips, increasing 1.6 percent from 2016. The overnight trips generated \$1.263 billion, a 3 percent increase from 2016. VFR is at 44 percent, down slightly. Marketable trips are at 39 percent, down 1 point from 2016. The business category is rising.

## **6. Off-Road Expo Event Funding Request**

Mr. Geigomah stated that this is new event funding and the request is for \$75,000. This is the third and final year of eligibility for the event in this program. Matthew Louck, Bonnier Events, stated that the event is being moved to March due to the timing of the Easter holiday. The expo is one of two held in the country. The larger one has taken place in Pomona, California for 19 years. It is the Pomona event that the Scottsdale event is modeled after. He played a short video of last year's event. The integrated event marketing inclusion treats the City of Scottsdale as a name and title sponsor, which is the largest and highest level of sponsorship. Every marketing piece distributed features mention of the City of Scottsdale. This is accomplished through sponsorships, banner ads, flyers, posters, TV and radio ads, videos, social platforms, magazines, communications to clubs, email blasts and other year-round promotion. Additional value to the City of Scottsdale totals \$301,232, including full page Scottsdale tourism ads in Boating Magazine, Field & Stream Magazine and Outdoor Life Magazine. Scottsdale is also included in the Off-Road Gear Guide, which is distributed at the Pomona event.

In terms of attendance, there was a 13 percent increase over the previous year (from 15,000 to 17,000). Hotel bookings increased 28 percent, by their survey. Exhibitor volume grew by 14 percent. Economic impact is estimated to be \$3.5 million. Goals for 2019 include: Increase exhibitors and vendors, add a participant feature, work with Motor Trend Discovery Channel, extend visitor times from one day to three days, and add side by side UTV racing. National and digital media is growing within the off-road and recreational space. Last year they had 7 + outlets with a national following and a total of 26 media credentials approved.

Commissioner Henry asked about attendance in Pomona and goals for attendance in Scottsdale. Mr. Louck stated that the Pomona event is attracting approximately 40,000

attendees. It is a two-day weekend event. The goal is to equal that attendance level in Scottsdale.

Commissioner Henry asked if it is possible the event would outgrow WestWorld. Mr. Louck acknowledged that it is a possibility, however it is quite a large facility and surpassing capacity would like take quite some time.

Vice Chair Hill asked if they have a long-term agreement with WestWorld. Mr. Louck stated that they are currently taking it one year at a time, however they would like to enter into a three-year agreement after the next event.

Chair Dillenbeck noted that this is the last year of new event funding and asked how they plan to recoup \$75,000 next year. Mr. Louck stated that they will work to acquire additional sponsorships.

VICE CHAIR HILL MOVED TO RECOMMEND FUNDING FROM THE TOURISM DEVELOPMENT FUNDS IN THE AMOUNT OF \$75,000. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

## **7. Old Town Matching Marketing Program**

Ms. Churchard stated that last month, staff presented to TDC on the district matching marketing fund program. Several comments from commissioners were taken back to the staff and were addressed. One of the comments from the TDC asked who was eligible to be a lead organizer. Another point of clarification related to the applicant not being precluded from applying for event funding. The first page of the program includes the highlighted changes based upon TDC input. Changes include the requirement that funds must be used by a locally operated business or businesses. While this focuses on districts within Old Town, a group may organize to further promote a specific event, such as contemporary month. The lead organizer must be a business located in Old Town or an association of businesses in Old Town. It is specified that a marketing organization could represent the business or organization, however payment would have to go either to a local business or the association itself. The approval process includes further definition that they are not disqualified for applying or receiving funds from the four Tourism Development event funding programs. Staff would like to formally introduce the program to the district groups in the next week or two.

## **8. Event Funding Program Recommendations**

- a. Greater Phoenix Jewish Film Festival - \$17,500
- b. Sun Circuit Horse Show - \$25,000

Steve Geiogamah, Tourism Development manager stated that the staff recommendations were reviewed by the Event Working Group.

VICE CHAIR HILL MOVED TO APPROVE THE EVENT FUNDING AS PRESENTED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

## **9. Staff Reports**

- a. Staff Bed Tax Collection Report**
- b. Staff Bed Tax Hotel Classification Report**
- c. Bed Tax Proforma**
- d. Program Updates**

Mr. Geiogamah stated that September year-to-date bed tax collections are up 8 percent. Retail is up 6 percent and restaurants are up 10 percent. The report reflects September collections for the bed tax collections being up 49 percent, attributed to timing of payments. Additionally, some properties were under renovation last September, but are now available.

For the proforma, the highlighted items include addition of the ArtFest, which took place on the past weekend, but was recently approved by recommendation from TDC to City Council at \$15,000. Also, per the formatting request, they have added the event funding program year to date. Under the one-year funding agreement section, staff shows what is available and what has been spent this year. The average in this program is approximately \$300,000. Mr. Geiogamah asked if the Commission would like to see an estimated expense over the years illustrated on the proforma. Chair Dillenbeck said it would be helpful. There was agreement among commissioners.

In terms of the Scottsdale trend report, occupancy is up 2.5 percent. Average daily rate is up 2.2 percent. RevPAR continues to be up 4.7 percent. For the segmented trend report, transient, group and contract, transient occupancy is up 5 percent. Average daily rate is up 2.5 percent. RevPAR continues to be up at 7.2 percent. Group occupancy is down 1.4 percent. Average daily rate is up 2.6 percent and RevPAR continues to be slightly up. Downtown performance measurements continue to be up. Occupancy is flat in the northern area. Average daily rate is up as well as RevPAR. Program updates, roundtable meetings have been scheduled to discuss the new event development program. A session is set up for November 30th.

Chair Dillenbeck noted that Tour de Scottsdale was cancelled and had received event development funds. Mr. Geiogamah said there was some inconsistency in terms of identification of the organizer. It could not be moved forward for this reason.

Chair Dillenbeck requested that Ms. Churchard provide an update on when she would bring forward the multiyear proforma. Ms. Churchard said she has been working with the City Manager and Treasurer's Office and others and anticipates being able to present on this by January.

**10. Public Comment**

There were no public comments.

**11. Identification of Future Agenda Items**

Chair Dillenbeck noted that the next meeting is scheduled for December 18th.

Mr. Geiogamah stated that there are three events for review. The Experience Scottsdale quarterly report is also forthcoming.

Chair Dillenbeck added that another topic was a review of historic event funding as well as Museum of the West.

Mr. Geiogamah stated that the culinary festival presentation is also ready for discussion.

There was discussion that the meeting could potentially take place via teleconference, however, a final determination was not made.

**10. Adjournment**

With no further business to discuss, being duly moved by Commissioner Henry and seconded by Commissioner Winter, the meeting adjourned at 9:22 a.m.

AYES: Chair Dillenbeck, Vice Chair Hill Commissioners Grupp, Henry, Newman and Winter  
NAYS: None

SUBMITTED BY:

eScribers, LLC